

March 15, 1957



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MIDDLE EAST RESOLUTION

The Middle East Resolution, revised by the Senate and accepted by both the House and the Administration, is interpreted as a solemn warning to Russia against fomenting attacks in that area. It makes possible more flexible use of \$200 million of already appropriated Mutual Security funds for economic and military aid in the Middle East. It also authorizes the President to continue furnishing facilities and military aid to the United Nations Emergency Force in the Middle East.

Senate passage of the resolution by a vote of 72 yeas, 19 nays, came March 5, just two months after the President delivered his special message to Congress. The House had voted approval of the original request January 30, 355 to 67, but approved the Senate version March 7 by a vote of 350 to 60.

PROVISIONS WAIVED

The \$200 million aid money must be obligated by the end of the fiscal year, when unobligated funds will revert to the Treasury. Under the Mutual Security Appropriations Act not more than 20 percent of the funds could be obligated in the last two months of the fiscal year. Recent disorder in the Middle East has made it impossible to obligate the 80 percent which would have had to be assigned by April 30. This necessitated congressional waiver of the 20 percent requirement.

Furthermore, under the Mutual Security Act not more than \$30 million could go to any one nation; another restriction related to

development assistance funds, 80 percent of which had to be made available as loans and could not be used for grants. Both these provisions were waived by the resolution.

Specific plans for use of these funds will not be made until a special mission to the area has made an on-the-spot assessment of the needs. The former Chairman of the House Foreign Affairs Committee, James P. Richards (D., S. C.), who has been given the rank of ambassador, heads this mission. The Senate Foreign Relations, the House Foreign Affairs and both Appropriations Committees must be given 15 days' notice of each specific proposal before funds can be finally committed.

AMENDED ON FLOOR

The resolution also requires that the President be satisfied that no military aid money will be used for aggressive purposes before a military assistance grant is made. This amendment, introduced on the Senate floor by Senators Douglas (D., Ill.) and Sparkman (D., Ala.), was approved. It was intended to allay fears that a provision of the present law which makes this requirement, might be relaxed.

The provision calling for continued U. S. support of the UNEF was also written into the bill on the floor, when an amendment offered by Senator Mansfield (D., Mont.) was approved 48 to 43. It has the effect of bringing the resolution closer to the United Nations and giving assurance to the

Israelis that the United States firmly supports the U. N. force in the areas from which the Israelis were withdrawing. Some Senators claimed the amendment was unnecessary and might lead to payment by the United States of more than its fair share of the costs. But the vote of yea by every Democratic Senator on the floor (46), joined by two Republicans, had the effect of an appeal to the President to back the U. N. force.

SETTING PRECEDENT?

Much of the debate on the resolution in the Senate centered around the constitutional question presented by the original wording, which asked that the President be "authorized" to use U. S. armed forces in the Middle East at the request of any nation or nations threatened by international communism. Some Senators who believed that the President already has the power to act, feared that the resolution would set a precedent and make it necessary for him to ask Congress in advance of any similar use of U. S. armed forces. They felt that to pass the resolution in the original form would tend to weaken the powers of the presidency. The compromise wording states that the United States is "prepared to act" if the President determines that it is necessary to assist nations "requesting assistance against armed aggression from any country controlled by international communism."

AID QUESTION

At times the questioning of witnesses in the Committee hearings and the debate on the floor, espe-

cially in the Senate, became more an examination of U. S. foreign aid than a discussion of provisions of the resolution. Congressional criticism of economic aid programs seemed to foreshadow a coming battle over continuing economic aid in any form except technical assistance.

Administration spokesmen for the resolution and many members of Congress declared that economic aid, judiciously offered and planned, can do more than anything else to bring stability and peace to the Middle East. However, attempts were made during the two-month congressional deliberations to confine the resolution to a simple statement of U. S. intent to defend the region from Communist military action.

PURPOSE STATED

The purpose of economic aid, according to its supporters, would be to strengthen local governments, raise living standards and create conditions within these countries which would prevent subversion. It was the expressed hope that holding out the possibility of a better way of life with some assurance of economic security would stabilize conditions there. Many members of Congress regard these hopes as ephemeral. They claim that the resolution does not get at the root of Middle East problems. Although many of the doubters voted for the resolution, they continue to be skeptical of its efficacy. The report of the Senate Committees—Foreign Relations and Armed Services—sums

up the convictions of the 30 member Senators who considered the resolution most closely, in these words:

"The basic problems of the Middle East are of long standing and are the cause of inflamed passions which frequently lead to irrational points of view and to irresponsible actions. It is highly questionable whether these problems can be settled all at once in some kind of package agreement. But to recognize the difficulties and long-term nature of the prob-

lems is not to justify postponing efforts to solve them. It should be clearly understood that this proposed resolution taken by itself does not provide a definitive United States policy for the Middle East, nor is it so intended. All it provides is time in which to devise such a policy . . . the joint committee urges the Senate to approve the resolution promptly and the Administration to press forward with well-considered plans to take advantage of the time gained by the resolution."

A TAXING PROBLEM

LEAGUE OPPOSES

Several state Leagues have made statements to their legislatures in opposition to the income tax limitation proposal.

The legislatures are being asked to send memorials to Congress urging that the 16th amendment to the Constitution be repealed, that a ceiling of 25 percent be placed on income tax rates, and that estate and gift taxes be done away with entirely. Congress would be authorized to raise the 25 percent ceiling by a vote of three fourths of its members for yearly periods, providing the spread between the highest and lowest rates did not exceed 15 percent. This proposal is now before Congress as S.J. Res. 25, sponsored by Senator Dirksen (R., Ill.). A Senate Judiciary Subcommittee held hearings in 1954 and 1956 on similar resolutions.

In many states this tax limitation proposal is part of a slate which includes: an amendment to require Congress to balance the budget annually; the Bricker Amendment; an amendment to provide a new method for the election of the President and Vice President; and a call for a constitutional convention to amend the Constitution. The *Campaign for the 48 States*, an action group organized in 1953 to promote passage of these amendments, is sponsoring the state drives. *For America*, a political action committee which describes itself as standing for "states rights, competitive enterprise, private property and individual liberty," lists the same amendments in its action program.

VOTERCIPHER No. 7

VOTERCIPHER is a cryptogram—writing in cipher. Every letter is part of a code that remains constant throughout the puzzle. Answer No. 7 will be found in the next issue.

XLII XNBSJX VO CNLR
FUR TUNIIO PREY REX
YJNX SEEAA YNXUT'K YETXJ.
—IETA VOTER

Answer to Votercipher No. 6

Government has no right to control individual liberty beyond what is necessary to the safety and well-being of society.

—John C. Calhoun



ing Congress to call a convention for the purpose of passing the amendment, some simply urging Congress to pass the amendment and send it to the states for ratification. This divergence, and a controversy over the rescinding powers of the state bodies and the veto

powers of the Governors, make for a confused picture.

The Constitution provides two methods of amendment: 1) a two-thirds vote in both houses of Congress and approval by three fourths of the state legislatures (the way in which all of the 22 amendments to the Constitution have been adopted); 2) the calling of a constitutional convention by Congress at the request of two thirds of the state legislatures. This method has never been used. Since such a convention would not be limited in action, but could enlarge its scope in any way it chose, Congress has never seriously considered using this method. One suggestion is that Congress, if forced into this procedure, could constitute itself into the convention.

Support for tax rate limitation stems from a conviction that the federal budget is too high and that "something should be done about it."

Both President Eisenhower and Secretary of the Treasury Humphrey have said they think tax rates are too high and have promised they will recommend reductions as soon as it is possible within sound budgetary policy. Both oppose the tax limitation amendment. Secretary Humphrey has said:

"The proposed constitutional amendment is negative in character. There is no assurance that if it were adopted there would be a corresponding reduction in government spending or a development of alternative sources of revenue. While some flexibility would be provided, since Congress is permitted to exceed the general limitation, this procedure would at best keep finances in a precarious position."

The 85th Congress has been asked by the Administration to set up a Commission to study and suggest revisions in the tax structure.

HOW IT WOULD WORK

In 1954 the Treasury Department made a study of what enactment of the then current resolution would do to government revenue. It was found that the total federal revenue for fiscal 1953,

NATIONAL COUNCIL TO MEET

The national Council of the League will meet in Washington, D. C., April 30-May 3. The Council is composed of two delegates chosen by the Board of each state and territorial League; two delegates chosen by the District of Columbia League; one delegate chosen by the local Leagues in each state or territory where there is no recognized state or territorial League; and the members of the Board of Directors. By action of the national Board, each state may also send one observer provided its delegate quota has been filled.

Delegates will give guidance to the Board on Program and methods of work, and will adopt a budget for the 1957-58 fiscal year.

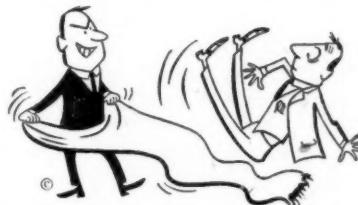
The national By-laws authorize the Council to change the Current

Agenda only in the event of an emergency, provided that notice of proposed modifications shall have been sent to local, state and territorial Leagues at least two months in advance of the meeting.

After careful consideration the Board decided not to propose any changes. On January 17 the Board sent notice to this effect to local, state and territorial Leagues and asked that any League in disagreement with the decision communicate with the Board by February 15. Only 36 replies were received and of these only 21 favored some form of Program modification. These proposals and Council discussion will help guide the Board in the area of Continuing Responsibilities, but the Council will not consider a change in the Current Agenda.

\$62.4 billion, would have been reduced by \$13.3 billion had the resolution been in effect. Since our revenues have now grown to an estimated \$68.9 billion in fiscal 1956, the reduction would be proportionately greater now than then.

The narrow margin by which the present budget is balanced would be wiped out and with it



any hope of reducing the national debt. The almost certain result would be to force the federal government to rely increasingly on regressive sales taxes or upon deficit financing. There is not a responsible tax expert or economist in the country who advocates either regressive taxes as such, or deficit financing, as a permanent device forced upon the nation by constitutional provisions.

One of the stated purposes of the tax limitation proposal is to make it possible for the states to tap new revenue sources. If the

federal government were forced to rely on heavy sales taxes, and therefore compete with the states in this revenue field, it might well reduce rather than increase the revenue sources available to the states.

During the 1930s several states adopted constitutional limitations on property tax rates but the experience was generally unsatisfactory. States and localities were forced to curtail essential government services and to borrow to meet current operating expenses. Their debt increased and their credit standing deteriorated.

Another argument of supporters of the proposal is that with lower taxes there would be greater incentive for development expansion in the economy. The fact is that the United States has made substantial if not unprecedented economic progress in the past decade, when taxes have been at relatively high levels. High taxes do not seem to have frustrated the business community. The gross national product in 1956 reached \$412 billion, an increase of \$21.5 billion over 1955. Employment was up. Incomes rose in all major groups.

The effect on incentives cannot be measured in terms of tax rates

(Continued on page 4)

From the
PRESIDENT'S
DESK



One of the complaints most frequently heard in the League of Women Voters is that there is never enough time to do all the things we want to do. Since the national Board can only meet at the most three times a year, this is also its complaint.

There is continual need, for example, to probe deeply into all the Program subjects; to examine at frequent intervals our various activities in terms of the purpose of the League; to explore new ideas and to develop fresh approaches to old problems.

Pressure of time and volume of work restrict us, members and Board alike.

At the moment there is pressing reason to give concentrated attention to the field of foreign policy.

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alone. If the tax rate ceiling were imposed by freezing it into the Constitution, the federal government would be deprived of the flexibility necessary if it is to contribute to economic stability and growth. Income taxes now make an important contribution to that end. When times are good, the tax system tends to absorb inflationary pressures by taking a relatively large percentage of private income; when business is poor, the tax system encourages consumption and stimulates business expenditures by taking a relatively small percentage of private incomes. These effects can be achieved by changes in rates and exemptions when they are needed, by congressional action.

Under the amendment, tax collections could not rise as much in prosperous years nor fall as much in depressed years as under present law. This result would be compounded if heavier sales taxes were enacted to make up for loss in income revenues, since sales taxes are less sensitive and affect those least able to pay.

The last national Convention expressed overwhelming interest in the international field, but the range of ideas was so broad that a satisfactory focus could not be found.

It is well to remember, too, that only through its national Program can the League concern itself with international subjects. Since citizens must assume a responsibility for the development of U. S. foreign policy, this is an area of proper, in fact indispensable activity for the League. It therefore seems incumbent upon the national Board to find ways to help the members determine the role of the League in this complex and inconsistent field.

With these things in mind the Board has established two informal groups which are giving this

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subject sustained and undivided attention. They will report to the Board sufficiently in advance of the 1958 Convention so that their findings may be widely shared. One group—or Exploratory Committee as it has been called—is meeting in Chicago and the other is working in Washington, D. C. Each committee has approximately 20 persons participating in it; the individuals assume their own expenses and they come from several nearby states.

The objectives of these committees are three-fold: 1) to select the most crucial issues of a worldwide character and determine the role of the United States in relation to them; 2) to examine the responsibility of citizens in regard to the development of U. S. policy on these subjects; and 3) finally, in view of the foregoing, to ascertain what particular contribution the League might render citizens in order to promote in the field of foreign policy informed political participation.

The national Board anticipates that the work of these highly qualified committees will be of substantial assistance to the League throughout the national program-making period prior to Convention. Their conclusions in no way will be binding, but they should be of immense value in developing sound judgments in regard to future League decisions. It is also expected that the experience gained by League members throughout the country during the Focus on the Future project will prove to be of material assistance.

Ruey Martin Lee
President

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